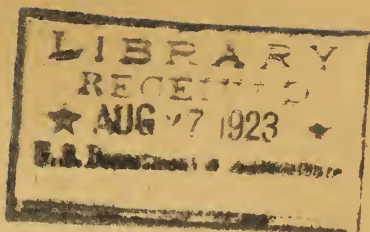


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United States Department of Agriculture,
SERVICE AND REGULATORY ANNOUNCEMENTS No. 76.
(AGRICULTURAL ECONOMICS)

REGULATIONS
OF THE SECRETARY OF AGRICULTURE
UNDER THE
UNITED STATES WAREHOUSE ACT OF
AUGUST 11, 1916,
AS AMENDED.

REVISED REGULATIONS FOR COTTON WAREHOUSES,
APPROVED MAY 29, 1923.

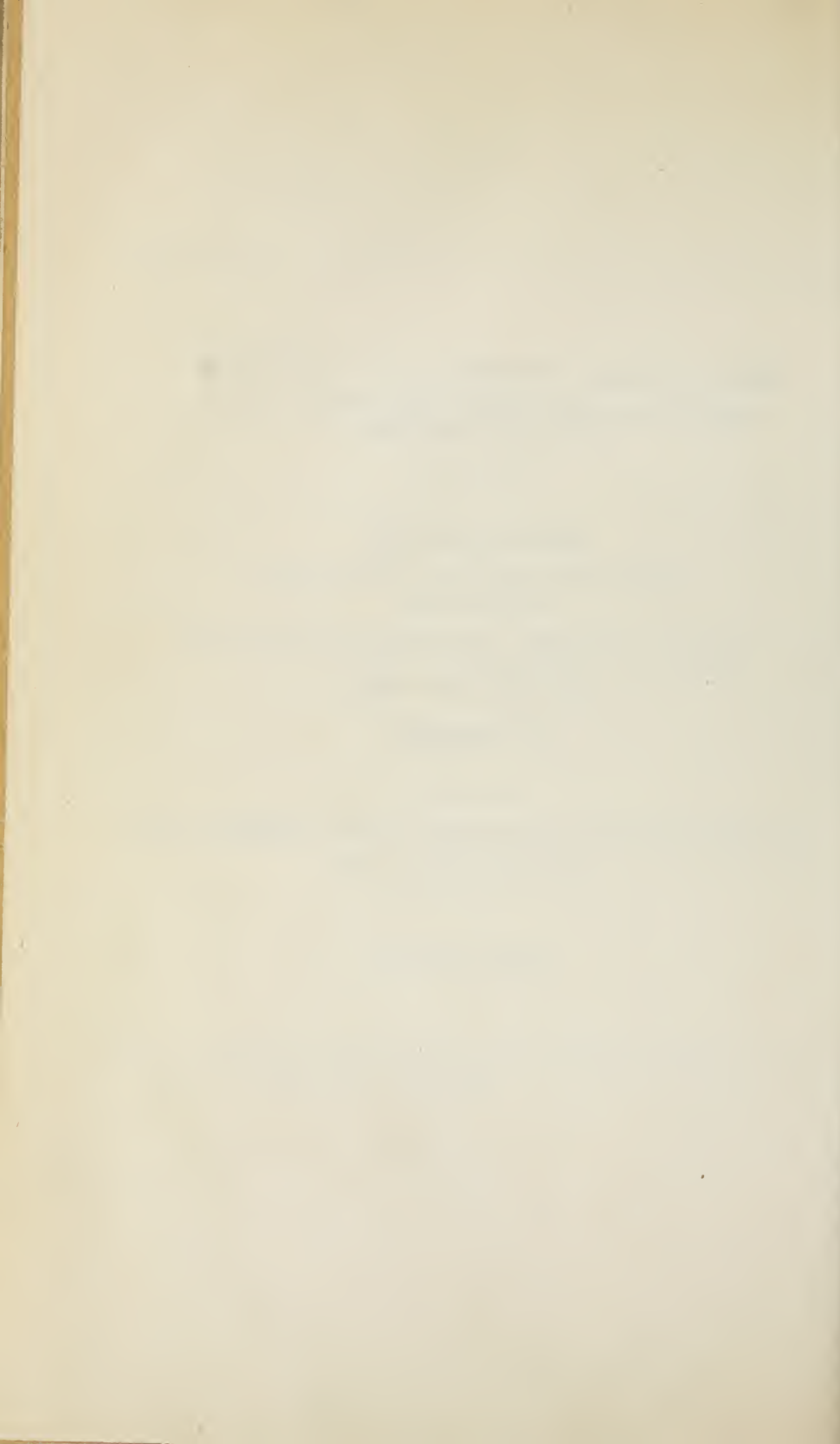
ISSUED JULY, 1923.

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LETTER OF TRANSMITTAL.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS.

HON. HENRY C. WALLACE,
Secretary of Agriculture.

SIR: I have the honor to transmit herewith a draft of revised rules and regulations of the Secretary of Agriculture, to be known as the regulations for cotton warehouses under the United States warehouse act of August 11, 1916 (39 U. S. Stat. L., p. 486), as amended. These regulations are amendatory of, and intended to supersede, the rules and regulations approved by the Secretary of Agriculture on June 23, 1922. It is recommended that they be made, prescribed, and published as your rules and regulations, pursuant to the authority conferred on you by said act, to be in force and effect until amended or superseded by rules and regulations hereafter made by the Secretary of Agriculture under said act.

Respectfully,

HENRY C. TAYLOR,
Chief of Bureau.

Approved:
R. W. WILLIAMS,
Solicitor.

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D. C.

By virtue of the authority vested in the Secretary of Agriculture by the United States warehouse act, approved August 11, 1916 (39 U. S. Stat. L., pp. 446, 486), as amended, I, Henry C. Wallace, Secretary of Agriculture, do make, prescribe, publish, and give public notice of the following rules and regulations, to be known as the regulations for cotton warehouses, and to be in force and effect until amended or superseded by rules and regulations hereafter made by the Secretary of Agriculture under said act. These rules and regulations shall supersede all rules and regulations issued under said act heretofore for cotton warehouses.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington this 29th of May, 1923.



Henry C. Wallace
Secretary of Agriculture.

REGULATIONS FOR COTTON WAREHOUSES UNDER THE UNITED STATES WAREHOUSE ACT.

Regulation 1. Definitions.

Definitions.

SECTION 1. Words used in these regulations in the singular form shall be deemed to import the plural, and vice versa, as the case may demand.

Words import singular or plural.

SEC. 2. For the purposes of these regulations, unless the context otherwise require, the following terms shall be construed, respectively, to mean—

Terms defined.

Paragraph 1. The Act.—The United States warehouse act, approved August 11, 1916 (39 U. S. Stat. at L., pp. 446, 486), as amended by acts of Congress approved July 24, 1919, and February 23, 1923.

The act.

Paragraph 2. Person.—An individual, corporation, partnership, or two or more persons having a joint or common interest.

Person.

Paragraph 3. Secretary.—The Secretary of Agriculture of the United States.

Secretary.

Paragraph 4. Regulations.—Rules and regulations made under the act by the Secretary.

Regulations.

Paragraph 5. Bureau.—The Bureau of Agricultural Economics of the United States Department of Agriculture.

Bureau of Agricultural Economics.

Paragraph 6. Linters.—As far as applicable these regulations shall include linters.

Linters.

Paragraph 7. Warehouse.—Any building, structure, or other protected inclosure in which cotton is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which cotton is or may be stored.

Warehouse.

Paragraph 8. Warehouseman.—A person lawfully engaged in the business of storing cotton.

Warehouseman.

Paragraph 9. License.—A license issued under the act by the Secretary.

License.

- Licensed warehouseman.** *Paragraph 10. Licensed warehouseman.*—A warehouseman licensed as such under the act.
- Licensed warehouse.** *Paragraph 11. Licensed warehouse.*—A warehouse for the conduct of which a license has been issued.
- Licensed warehouseman's bond.** *Paragraph 12. Licensed warehouseman's bond.*—A bond required to be given under the act by a licensed warehouseman.
- Licensed classifier.** *Paragraph 13. Licensed classifier.*—A person licensed under the act to classify according to grade or otherwise and certificate the grade or other class of cotton.
- Licensed weigher.** *Paragraph 14. Licensed weigher.*—A person licensed under the act to weigh and certificate the weight of cotton.
- Cotton examiner.** *Paragraph 15. Cotton examiner.*—An officer of the Department of Agriculture designated by the chief of the bureau for the purpose of hearing cotton appeals under regulation 9.
- Receipt.** *Paragraph 16. Receipt.*—A warehouse receipt.
- Bale.** *Paragraph 17. Bale.*—A bale or other package.
- State.** *Paragraph 18. State.*—A State, Territory, or District of the United States.

Warehouse licenses.

Regulation 2. Warehouse Licenses.

Application forms.

SECTION 1. Applications for licenses under sections 4 and 9 of the act and for modifications or extensions of licenses under section 5 of the act shall be made to the Secretary upon forms prescribed for the purpose and furnished by the bureau, shall be in English, shall truly state the information therein contained, and shall be signed by the applicant. The applicant shall at any time furnish such additional information as the Secretary or the chief of the bureau shall find to be necessary to the consideration of his application by the Secretary.

Grounds for not issuing license.

SEC. 2. A license for the conduct of a warehouse shall not be issued if it be found by the Secretary that the warehouse is not suitable for the proper storage of cotton, that the warehouseman is incompetent to conduct such warehouse in accordance with the act and these regulations, or that there is any other sufficient reason within the purposes of the act for not issuing such license.

Net assets required.

SEC. 3. The warehouseman conducting a warehouse licensed or for which application for license has been made, shall have and maintain above all exemptions and liabilities net assets liable for the payment of any in-

debtedness arising from the conduct of the warehouse, to the extent of at least \$5 per bale of the maximum number of bales that the warehouse will accommodate when stored in the manner customary to the warehouse as determined by the chief of the bureau, except that the amount of such assets shall not be less than \$5,000, and need not be more than \$100,000. In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, such warehouses shall be deemed to be one warehouse for the purposes of the assets required under this section. For the purposes of this section only, paid-in capital stock, as such, shall not be considered a liability. Any deficiency in the required net assets may be supplied by an increase in the amount of the warehouseman's bond in accordance with paragraph 2 of section 2 of regulation 3.

SEC. 4. Immediately upon receipt of his license or of any modification or extension thereof under the act, the warehouseman shall post the same, and thereafter, except as otherwise provided in these regulations, keep it posted until suspended or terminated, in a conspicuous place in the principal office where receipts issued by the warehouseman are delivered to depositors.

License shall be posted.

SEC. 5. Pending investigation, the Secretary, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary may, without hearing, suspend or cancel the license issued to such warehouseman. The Secretary may, after opportunity for hearing when possible has been afforded in the manner prescribed in this section, suspend or cancel a license issued to a warehouseman, when such warehouseman (a) is bankrupt or insolvent; (b) has parted, in whole or in part, with his control over the licensed warehouse; (c) is in process of dissolution or has been dissolved; (d) has ceased to conduct such licensed warehouse; or (e) has in any other manner become nonexistent or incompetent or incapacitated to conduct the business of the warehouse. Whenever any of the conditions mentioned in subdivisions (a) to (e) of this section shall come into existence, it shall be the duty of the warehouseman to notify immediately the chief of the bureau of the

Suspension, cancellation, or revocation of warehouse licenses.

existing condition. Before a license is suspended, revoked, or canceled for any violation of, or failure to comply with, any provision of the act or of these regulations, or upon the ground that unreasonable or exorbitant charges have been made for services rendered, the warehouseman involved shall be furnished by the Secretary, or by an official of the Department of Agriculture designated for the purpose, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

Return of suspended, revoked, or canceled warehouse license.

SEC. 6. In case a license issued to a warehouseman terminates or is suspended, revoked, or canceled by the Secretary, such license shall be returned to the Secretary when requested. At the expiration of any period of suspension of such license, unless it be in the meantime revoked or canceled, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the warehouseman to whom it was originally issued, and it shall be posted as prescribed in section 4 of this regulation.

Lost or destroyed warehouse license.

SEC. 7. Upon satisfactory proof of the loss or destruction of a license issued to a warehouseman, a duplicate thereof may be issued under the same or a new number at the discretion of the Secretary.

Unlicensed warehousemen must not represent themselves as licensed.

SEC. 8. No warehouse or its warehouseman shall be designated as licensed under the act and no name or description conveying the impression that it or he is so licensed shall be used, either in a receipt or otherwise, unless such warehouseman holds an unsuspended, unrevoked, and uncanceled license for the conduct of such warehouse.

Warehouse bonds.

Regulation 3. Warehouse Bonds.

Time of filing.

SECTION 1. Unless the warehouseman has previously filed with the Secretary the bond required by section 2 of this regulation, he shall file such bond within a time, if any specified by the Secretary, said bond to cover all obligations arising thereunder during the period of the license.

Amount based on storage capacity.

SEC. 2. *Paragraph 1.* Exclusive of any amount which may be added in accordance with paragraphs 2 and 3 of this section, the amount of such bond shall be at the rate of \$5 per bale of the maximum number of bales that the

warehouse will accommodate when stored in the manner customary to the warehouse for which such bond is required, as determined by the chief of the bureau, but not less than \$5,000 nor more than \$50,000. In case a warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, and shall desire to give a single bond meeting the requirements of the act and these regulations for the said warehouses, such warehouses shall be deemed to be one warehouse for the purposes of the bond required under this regulation.

Paragraph 2. In case of a deficiency in net assets under regulation 2, section 3, there shall be added to the amount of the bond determined in accordance with paragraph 1 of this section an amount equal to such deficiency. Additional amount for deficiency in net assets.

Paragraph 3. In case the Secretary finds the existence of conditions warranting such action, there shall be added to the amount determined in accordance with paragraphs 1 and 2 of this section a further amount, fixed by him, to meet such conditions. Additional amount for special conditions.

SEC. 3. In case an application is made under regulation 2, section 1, for a modification or an extension of a license and no bond previously filed by the warehouseman under this regulation covers obligations arising under such modification or extension, the warehouseman shall, when notice has been given by the Secretary that such modification or extension will be granted upon compliance by such warehouseman with the act, file with the Secretary, within a time, if any, fixed in such notice, a bond complying with the act. In the discretion of the Secretary, a properly executed instrument in form approved by him, amending, extending, or continuing in force and effect the obligations of a valid bond previously filed by the warehouseman and otherwise complying with the act and these regulations may be filed in lieu of a new bond. Modification or extension bond.

SEC. 4. Whenever a license has been issued for a period longer than one year, such license shall not be effective beyond one year from its effective date unless the warehouseman shall have filed a new bond in the required amount with, and such bond shall have been approved by, the Secretary prior to the date on which New bond required each year.

said license would have expired had it been issued for but one year, subject to the provisions of section 3 of this regulation.

Approval of
bond.

SEC. 5. No bond, amendment, or continuation thereof shall be accepted for the purposes of the act and these regulations until it has been approved by the Secretary.

Warehouse re-
ceipts.

Regulation 4. Warehouse Receipts.

Contents of ne-
gotiable and non-
negotiable re-
ceipts.

SECTION 1. *Paragraph 1.* Every receipt, whether negotiable or nonnegotiable, issued for cotton stored in a licensed warehouse shall, in addition to complying with the requirements of section 18 of the act, embody within its written or printed terms the following: (a) The name of the licensed warehouseman and the designation, if any, of the warehouse; (b) the license number of the warehouse; (c) a statement whether the warehouseman is incorporated or unincorporated, and, if incorporated, under what laws; (d) the tag number given to each bale of cotton in accordance with regulation 5, section 9; (e) a statement conspicuously placed, whether or not the cotton is insured, and, if insured, to what extent, by the warehouseman, against loss by fire and lightning; (f) the words "Not Negotiable," "Nonnegotiable," or "Negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon; and (g) a blank space designated for the purpose in which the length of staple may be stated.

Storage period.

Paragraph 2. Every receipt, whether negotiable or nonnegotiable, issued for cotton stored in a licensed warehouse shall specify a period, not exceeding one year, for which the cotton is accepted for storage under the act and these regulations, but, upon demand and the surrender of the old receipt by the lawful holder thereof at or before the expiration of the specified period, the warehouseman, so far as the available capacity of his warehouse then permits and upon such lawful terms and conditions as may be granted by him at such time to other depositors of cotton in the warehouse shall, (a) if he then continue to act as a licensed warehouseman, either extend the old receipt by making an appropriate notation thereon or issue a new receipt for a further specified period not exceeding one year; or (b) if he then continue to act as a public warehouseman, but not as a licensed warehouseman, issue a new receipt.

Paragraph 3. Every negotiable receipt issued for cotton stored in a licensed warehouse shall, in addition to complying with the requirements of paragraphs 1 and 2 of this section, embody within its written or printed terms the following: (a) If the cotton covered by such receipt was classified by a licensed classifier or weighed by a licensed weigher a statement to that effect, (b) a form of indorsement which may be used by the depositor, or his authorized agent, for showing the ownership of, and liens, mortgages, or other encumbrances on, the cotton covered by the receipt.

Additional
contents of nego-
tiable receipts.

Paragraph 4. Whenever the grade or other class of the cotton is required to be, or is, stated in a receipt issued for cotton stored in a licensed warehouse, such grade or other class shall be stated in the receipt in accordance with regulation 8 as far as applicable.

Grade or other
class of cotton.

Paragraph 5. If a warehouseman issue a receipt omitting the statement of grade on request of the depositor, such receipt shall have clearly and conspicuously stamped or written on the face thereof the words "Not graded on request of depositor."

Omission of
grade to be stated.

Paragraph 6. If licensed receipts are issued covering linters such receipts shall be clearly and conspicuously marked "Linters," and all references to cotton shall be eliminated effectively from the receipts.

Receipts for
linters to be
marked "Lin-
ters."

Paragraph 7. If a warehouseman issue a receipt under the act omitting any information not required to be stated, for which a blank space is provided in the form of the receipt, a line shall be drawn through such space to show that such omission has been made by the warehouseman.

Blank spaces in
receipts to be
filled out by draw-
ing lines through
them.

SEC. 2. If any copies of receipts are made, all such copies, except those issued in lieu of the original in case of lost or destroyed receipts, shall, if there be no statute of the United States or law of a State providing otherwise, have clearly and conspicuously printed or stamped thereon the words "Copy—Not Negotiable."

Copies of re-
ceipts.

SEC. 3. *Paragraph 1.* In the case of a lost or destroyed receipt, if there be no statute of the United States or law of a State applicable thereto, a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate issued in lieu of a lost

Lost or de-
stroyed receipts.

or destroyed receipt, may be issued upon compliance with the conditions set out in paragraph 2 of this section.

Affidavit of loss
or destruction of
receipts.

Paragraph 2. Before issuing such duplicate receipt the warehouseman shall require the depositor or other person applying therefor to make and file with the warehouseman (a) an affidavit showing that he is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and, if lost, that diligent effort has been made to find the receipt without success, and (b) a bond in an amount double the value, at the time the bond is given, of the cotton represented by the lost or destroyed receipt. Such bond shall be in a form approved for the purpose by the Secretary, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of the issuance of such duplicate receipt, and shall have as surety thereon (a) a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the State in which the warehouse is located, or (b) at least two individuals who are residents of such State and each of whom owns real property therein having a value, in excess of all exemptions and encumbrances, to the extent of double the amount of the bond.

Bond.

Approval of
forms of receipts.

SEC. 4. No receipt shall be issued under the act until its form has been approved by the chief of the bureau who shall make such requirements with respect to it as he may deem necessary to insure compliance with the act and these regulations. For this purpose the warehouseman shall submit two final proof copies of the proposed form printed on paper identical to that on which the final receipts will be printed.

Partial delivery
of cotton.

SEC. 5. If a warehouseman deliver a part only of a lot of cotton for which he has issued a negotiable receipt under the act, he shall take up and cancel such receipt and issue a new receipt in accordance with these regulations for the undelivered portion of the cotton.

Return and
cancellation of re-
ceipts before de-
livery of cotton.

SEC. 6. Except as permitted by law or by these regulations, a warehouseman shall not deliver cotton for which he has issued a negotiable receipt under the act until such receipt has been returned to him and canceled; and shall not deliver cotton for which he has issued a non-negotiable receipt until such receipt has been returned to him or he has obtained from the person lawfully en-

titled to such delivery, or his authorized agent, a written acknowledgment thereof.

SEC. 7. No licensed warehouseman shall, directly or indirectly by any means whatsoever, compel or attempt to compel the depositor of any cotton in his warehouse to request the issuance of a receipt omitting the statement of grade.

Warehouseman not to attempt to compel grade to be omitted.

Regulation 5. Duties of Licensed Warehouseman.

Duties of licensed warehouseman.

SECTION 1. *Paragraph 1.* Each licensed warehouseman, when so requested in writing as to any cotton by the depositor thereof or lawful holder of the receipt covering such cotton, shall, to the extent to which in the exercise of due diligence he is able to procure such insurance, keep such cotton while in his custody as a licensed warehouseman insured in his own name or arrange for its insurance otherwise to the extent so requested, against loss or damage caused by fire or lightning. When insurance is not carried in the warehouseman's name, the receipt shall show that the cotton is not insured by the warehouseman. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business, and subject to service of process in suits brought, in the State where the warehouse is located. If the warehouseman is unable to procure such insurance to the extent requested, he shall, orally or by telegraph or by telephone and at his own expense, immediately notify the person making the request of the fact. Nothing in this section shall be construed to prevent the warehouseman from adopting a rule that he will insure all cotton stored in his warehouse.

Insurance against fire or lightning.

Paragraph 2. Each warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 4, and at such other place as the chief of the bureau or his representative may from time to time designate, a notice, stating briefly the conditions under which the cotton will be insured against loss or damage by fire or lightning.

Notice regarding insurance to be posted.

SEC. 2. Each warehouseman shall, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of these regulations, pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

Premiums, inspections, and reports.

Warehouseman
to collect and pay
over insurance.

SEC. 3. Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him for the purpose of meeting the requirements of these regulations, and shall, as soon as collected, promptly pay over to the persons concerned any portion of such moneys which they may be entitled to receive from him.

Care of cotton
in licensed ware-
house.

SEC. 4. Each warehouseman shall at all times exercise such care in regard to cotton in his custody as a reasonably careful owner would exercise under the same circumstances and conditions.

Care of other
cotton and other
commodities.

SEC. 5. If, at any time, a warehouseman shall handle or store cotton otherwise than as a licensed warehouseman, or shall handle or store any other commodity, he shall so protect the same, and otherwise exercise such care with respect to it, as not to endanger the cotton in his custody as a licensed warehouseman or impair his ability to meet his obligations and perform his duties under the act and these regulations.

Records to be
kept in safe place.

SEC. 6. Each warehouseman shall provide a metal fireproof safe, a fireproof vault, or a fireproof compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, copies of receipts issued and canceled receipts, except that with the written consent of the chief of the bureau or his representative, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety, approved by the chief of the bureau or his representative. All canceled receipts shall be arranged by the warehouseman in numerical order as soon as possible after their cancellation and shall be preserved in numerical order thereafter.

Warehouse
charges.

SEC. 7. A warehouseman shall not make any unreasonable or exorbitant charge for services rendered. Before a license to conduct a warehouse is granted under the act the warehouseman shall file with the bureau a copy of his rules, if any, and a schedule of the charges to be made by him if licensed. Before making any change in such rules or schedule of charges he shall file with the bureau a statement in writing showing the proposed change and the reasons therefor. Each licensed warehouseman shall

keep exposed conspicuously in the place prescribed by regulation 2, section 4, and at such other place, accessible to the public, as the chief of the bureau or his representative may from time to time designate, a copy of his current rules and schedule of charges.

SEC. 8. *Paragraph 1.* Each licensed warehouse shall be kept open for the purpose of receiving cotton for storage and delivering cotton out of storage every business day for a period of not less than six hours between the hours of 8 a. m. and 6 p. m., except as provided in paragraph 2 of this section. The warehouseman shall keep conspicuously posted on the door of the public entrance to his office and to his warehouse a notice showing the hours during which the warehouse will be kept open, except when such warehouse is kept open continuously from 8 a. m. to 6 p. m.

Business hours.

Paragraph 2. In case the warehouse is not to be kept open as required by paragraph 1 of this section, the notice posted as prescribed in that paragraph shall state the period during which the warehouse is to be closed and the name of an accessible person, with the address where he is to be found, who shall be authorized to deliver cotton stored in such warehouse, upon lawful demand by the depositor thereof or the holder of the receipt therefor, as the case may be.

Closing of
warehouse.

SEC. 9. Each warehouseman shall, upon acceptance of any bale of cotton for storage, immediately attach, unless there be already attached thereto a numbered tag of good quality which shall identify the bale. Such tag either shall be made of reasonably heavy waterproof paper or linen, with double reinforced eyelets, and be attached to the bale with a flexible, rustproof wire, or shall be made of such other material and attached by such other means as shall be approved by the chief of the bureau or his representative. The tags shall be attached in numerical sequence or any series of sequences clearly distinguishable from each other.

Numbered tags
to be attached to
bales.

SEC. 10. Each warehouseman shall so store each bale of cotton for which a receipt under the act has been issued that the tag thereon, required by section 9 of this regulation, is visible and readily accessible, and shall arrange all other cotton in his licensed warehouse so as to permit an accurate count thereof.

Arrangement
and tagging of
stored cotton.

System of accounts.

SEC. 11. Each warehouseman shall use for his licensed warehouse a system of accounts, approved for the purpose by the bureau, which shall show for each bale of cotton the tag number mentioned in section 9 of this regulation, its weight, its class when its class is required to be, or is ascertained, its location, the dates received for and delivered out of storage, and the receipts issued and canceled, and such accounts shall include a detailed record of all moneys received and disbursed and of all effective insurance policies.

Reports.

SEC. 12. Each licensed warehouseman shall, from time to time, when requested by the chief of the bureau, make such reports, on forms prescribed and furnished for the purpose by the bureau, concerning the condition, contents, operation, and business of the warehouse as the chief of the bureau may require.

Canceled receipts to be forwarded to bureau for auditing.

SEC. 13. Each warehouseman, when requested by the bureau, shall forward his canceled receipts for auditing to such field offices of the bureau as may be designated from time to time. For the purposes of this section, only such portion as the bureau may designate of each canceled receipt, numbered to correspond with the actual receipt number, need be submitted.

Copies of reports to be kept

SEC. 14. Each warehouseman shall keep on file, as a part of the records of the warehouse, for such period as may be prescribed by the chief of the bureau for each kind of report, an exact copy of each such report submitted by such warehouseman under this regulation.

Inspections and examinations of warehouses.

SEC. 15. Each licensed warehouseman shall permit any officer or agent of the Department of Agriculture, authorized by the Secretary for the purpose, to enter and inspect or examine, on any business day during the usual hours of business, any warehouse for the conduct of which such warehouseman holds a license, the office thereof, the books, records, papers, and accounts relating thereto, and the contents thereof, and such warehouseman shall furnish such officer or agent the assistance necessary to enable him to make any inspection or examination under this section.

Weighing apparatus subject to examination and disapproval.

SEC. 16. The weighing apparatus used for ascertaining the weight stated in a receipt or certificate, issued for cotton stored in a licensed warehouse, shall be subject to examination by any officer or agent of the Department of Agriculture designated by the chief of the bu-

reau for the purpose. If the bureau shall disapprove such weighing apparatus, it shall not thereafter, unless such disapproval be withdrawn, be used in ascertaining the weight of any cotton for the purposes of the act and these regulations.

SEC. 17. Each warehouseman shall keep his warehouse reasonably free of loose cotton, except in a space or container separate and apart from other cotton. Loose cotton.

SEC. 18. If at any time a warehouseman shall store cotton in his licensed warehouse in excess of the capacity thereof determined in accordance with paragraph 1 of section 2 of regulation 3, such warehouseman shall so arrange the cotton as not to obstruct free access thereto and the proper use of sprinkler or other fire protection equipment provided for such warehouse, and shall immediately notify the chief of the bureau of such excess storage and arrangement thereof. Excess storage.

SEC. 19. Except as may be permitted by law or these regulations, a warehouseman shall not remove any cotton, for storage, from the licensed warehouse or a part thereof designated in the receipt for such cotton, if by such removal the insurance thereon will be impaired, without first obtaining the consent in writing of the holder of the receipt, and indorsing on such receipt the fact of such removal. Under no other circumstances, unless it becomes absolutely necessary to protect the interests of holders of receipts, shall cotton be removed from the warehouse, and immediately upon any such removal the warehouseman shall notify the chief of the bureau of such removal and the necessity therefor. Removal of cotton from storage.

SEC. 20. A warehouseman shall not place any bale of cotton that is excessively wet in contact with any other cotton in the licensed warehouse. A warehouseman shall not store in the same compartment with cotton that has not been damaged by fire any cotton that has been damaged by fire until the risk of fire therein has passed and the fire-damaged cotton has been removed from the bale, and then he shall not store it in contact with cotton that has not been so damaged. Storage of wet cotton.

SEC. 21. A warehouseman shall not handle or store cotton in such manner as will injure or damage it, or in any part of the warehouse in which it is likely to be injured or damaged by excessive moisture, or otherwise. Storage of cotton damaged by fire.

Cotton not to be injured by handling or storing.

Warehouseman must comply with State law and his contracts.

SEC. 22. Each warehouseman shall faithfully perform his obligations as a warehouseman under the laws of the State in which he is conducting his licensed warehouse and such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of cotton in such warehouse.

Fire loss to be reported by wire.

SEC. 23. If at any time a fire shall occur at or within any licensed warehouse, it shall be the duty of the warehouseman to report immediately by wire to the chief of the bureau the occurrence of such fire and the extent of damage.

Copies of grade and weight certificates to be filed with licensed warehouseman.

SEC. 24. When a grade or weight certificate has been issued by a licensed grader or weigher, a copy of such certificate shall be filed with the warehouseman in whose warehouse the cotton covered by such certificate is stored, and such certificates shall become a part of the records of the licensed warehouseman.

Fees.

Regulation 6. Fees.

Warehouse license fees.

SECTION 1. There shall be charged, assessed, and collected a fee of \$2 for each warehouseman's license.

Warehouse inspection fees.

SEC. 2. There shall be charged, assessed, and collected for each original examination or inspection of a warehouse under the act, when such examination or inspection is made upon application of a warehouseman, a fee at the rate of \$1 for each 1,000 bales of the storage capacity, or fraction thereof, determined in accordance with paragraph 1 of section 2 of regulation 3, but in no case less than \$5 nor more than \$50, and, for each reexamination or reinspection applied for by such warehouseman, a fee, based on the extent of the reexamination or reinspection, proportioned to, but not greater than, that prescribed for the original examination or inspection.

Advance deposit.

SEC. 3. Before any warehouseman's license or modification or extension thereof is granted, or an original examination or inspection, or reexamination or reinspection, applied for by a warehouseman, is made, pursuant to these regulations, the warehouseman shall deposit with the bureau the amount of the fee prescribed therefor. Such deposit shall be made in the form of a check, certified, if required by the bureau, or post office or express money order, payable to the order of "Disbursing Clerk, U. S. Department of Agriculture."

SEC. 4. The disbursing clerk of the United States Department of Agriculture shall hold in his custody each advance deposit made under this regulation until the fee, if any, is assessed and he is furnished by the bureau with a statement showing the amount thereof and against whom assessed. Any part of such advance deposit which is not required for the payment of any fee assessed shall be returned to the party depositing the same.

Return of excess deposit.

Regulation 7. Licensed Classifiers and Licensed Weighers.

Licensed classifiers and licensed weighers.

Application forms.

SECTION 1. *Paragraph 1.* Applications for licenses to classify or to weigh cotton under section 11 of the act shall be made to the chief of the bureau on forms furnished for the purpose by him.

Paragraph 2. Each such application shall be in English, shall be signed by the applicant, shall be verified by him under oath or affirmation administered by a duly authorized officer, and shall contain or be accompanied by (a) satisfactory evidence that he has passed his twenty-first birthday; (b) the name and location of a warehouse or warehouses licensed, or for which application for license has been made, under the act in which cotton sought to be classified or weighed under such license is or may be stored; (c) a statement from the warehouseman conducting such warehouse showing whether or not the applicant is competent and is acceptable to such warehouseman for the purpose; (d) satisfactory evidence that he has had at least one year's experience in the actual classification or weighing of cotton, as the case may be, or the equivalent of such experience, and that he is competent to classify or to weigh cotton; (e) a statement by the applicant that he agrees to comply with and abide by the terms of the act and these regulations so far as the same may relate to him; and (f) such other information as the chief of the bureau may deem necessary.

Contents.

Paragraph 3. The applicant shall at any time furnish such additional information as the Secretary or the chief of the bureau shall find to be necessary to the consideration of his application.

Applicant must furnish additional information if required.

Paragraph 4. A single application may be made by any person for a license as both classifier and weigher upon complying with all the requirements of this section.

Combined classifier's and weigher's application.

Examination.

SEC. 2. Each applicant for a license as a classifier or weigher and each licensed classifier or licensed weigher shall, whenever requested by an authorized agent of the Department of Agriculture designated by the chief of the bureau for the purpose, submit to an examination or test to show his ability properly to classify or to weigh cotton, as the case may be, and shall also make available for inspection copies of the standards of classification or the weighing apparatus, as the case may be, used or to be used by him.

Posting of license.

SEC. 3. Each licensed classifier shall keep his license conspicuously posted in the office where all or most of the classifying is done, and each licensed weigher shall keep his license conspicuously posted in the warehouse office or in such place as may be designated for the purpose by a representative of the bureau.

Duties of classifier and weigher.

SEC. 4. Each licensed classifier and each licensed weigher, when requested, shall, without discrimination, as soon as practicable, and upon reasonable terms, classify or weigh and certificate the class or weight of cotton stored or to be stored in a licensed warehouse for which he holds a license, if such cotton be offered to him under such conditions as permit proper inspection and the determination of the class or weight thereof, as the case may be. Each such classifier or weigher shall give preference to persons who request his services as such over persons who request his services in any other capacity. No class certificate or weight certificate shall be issued under the act for cotton not stored or not to be stored in a licensed warehouse.

Class certificate.

SEC. 5. Each class certificate issued under the act by a licensed classifier shall be in a form approved for the purpose by the chief of the bureau, and shall embody within its written or printed terms (a) the caption "Cotton class certificate;" (b) whether it is an original, a duplicate, or other copy; (c) the name and location of the licensed warehouse in which the cotton is or is to be stored; (d) the date of the certificate; (e) the location of the cotton at the time of classification; (f) the identification of each bale of cotton by the tag number given to the bale in accordance with regulation 5, section 9, or if there be no such tag number by other marks or numbers; (g) the grade or other class, except length of staple, of each bale of cotton covered by the certificate, in ac-

cordance with regulation 8 as far as applicable, and the standard or description in accordance with which the classification is made; (*h*) a blank space designated for the purpose in which the length of staple may be stated; (*i*) that the certificate is issued by a licensed classifier under the United States warehouse act and regulations thereunder; and (*j*) the signature of the licensed classifier. In addition, the class certificate may include any other matter not inconsistent with the act or these regulations.

SEC. 6. Each weight certificate issued under the act by a licensed weigher shall be in a form approved for the purpose by the chief of the bureau, and shall embody within its written or printed terms (*a*) the caption "Cotton Weight Certificate;" (*b*) whether it is an original, a duplicate, or other copy; (*c*) the name and location of the licensed warehouse in which the cotton is or is to be stored; (*d*) the date of the certificate; (*e*) the location of the cotton at the time of weighing; (*f*) the identification of each bale of cotton by the tag number given to the bale in accordance with regulation 5, section 9, or if there be no such tag number by other marks or numbers; (*g*) the gross weight of the cotton and, if the cotton be excessively wet or otherwise of a condition materially affecting its weight, a statement of such fact to which may be added the weigher's estimate of the number of pounds which should be allowed for such condition; (*h*) that the certificate is issued by a licensed weigher under the United States warehouse act and the regulations thereunder; and (*i*) the signature of such licensed weigher. In addition, the weight certificate may include any other matter not inconsistent with the act or these regulations.

SEC. 7. The class and weight of any cotton, ascertained by a licensed classifier and a licensed weigher, may be stated on a certificate meeting the combined requirements of sections 5 and 6 of this regulation, if the form of such certificate shall have been approved for the purpose by the chief of the bureau.

SEC. 8. Each licensed classifier and each licensed weigher shall keep for a period of one year in a place accessible to interested persons a copy of each certificate issued by him under these regulations and shall file a copy

of each such certificate with the warehouse in which the cotton covered by the certificate is stored.

Inspections.

SEC. 9. Each licensed classifier and each licensed weigher shall permit any officer or agent of the Department of Agriculture, authorized by the Secretary for the purpose, to inspect or examine, on any business day during the usual hours of business, his books, papers, records, and accounts relating to the performance of his duties under the act and these regulations, and shall, with the consent of the licensed warehouseman concerned, assist any such officer or agent in the inspection or examination mentioned in section 15 of regulation 5, as far as any such inspection or examination relates to the performance of the duties of such licensed classifier or licensed weigher under the act and these regulations.

Reports.

SEC. 10. Each licensed classifier and each licensed weigher shall, from time to time, when requested by the chief of the bureau, make reports, on forms furnished for the purpose by the bureau, bearing upon his activities as such licensed classifier or licensed weigher.

Suspension, revocation, or cancellation of classifier's and weigher's licenses.

SEC. 11. Pending investigation the Secretary may, whenever he deems necessary, suspend the license of a licensed classifier or licensed weigher temporarily without hearing. Upon a written request and a satisfactory statement of reasons therefor, submitted by the licensed classifier or licensed weigher, the Secretary may, without hearing, suspend or cancel the license issued to such licensed classifier or licensed weigher. The Secretary may, after opportunity for hearing when possible has been afforded in the manner prescribed in this section, suspend or cancel a license issued to a licensed classifier or licensed weigher when such licensed classifier or licensed weigher (a) has ceased to perform services as such classifier or weigher, or (b) has in any other manner become incompetent or incapacitated to perform the duties of such licensed classifier or licensed weigher. As soon as it shall come to the attention of a licensed warehouseman that any of the conditions mentioned under (a) or (b) exist it shall be the duty of such warehouseman to notify in writing the chief of the bureau. Before the license of any licensed classifier or licensed weigher is suspended or revoked pursuant to section 12 of the act, such licensed classifier or licensed weigher shall be furnished by the Secretary, or by an

official of the Department of Agriculture designated for the purpose, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

SEC. 12. *Paragraph 1.* In case a license issued to a licensed classifier or licensed weigher is suspended, revoked, or canceled by the Secretary, such license shall be returned to the Secretary. At the expiration of any period of suspension of such license, unless in the meantime it be revoked or canceled, the dates of the beginning and termination of the suspension shall be indorsed thereon, and it shall be returned to the licensed classifier or licensed weigher to whom it was originally issued, and it shall be posted as prescribed in section 3 of this regulation.

Return of suspended, revoked, or canceled classifier's and weigher's licenses.

Paragraph 2. Any license issued, under the act and these regulations, to a classifier or weigher shall automatically terminate as to any warehouse whenever the license of such warehouse shall be revoked or canceled. Thereupon the license of such classifier or weigher shall be returned to the Secretary. In case such license shall apply to other warehouses the Secretary shall issue to him a new license, omitting the names of the warehouses covering which licenses have been so revoked or canceled. Such new license shall be posted as prescribed in section 3 of this regulation.

License terminates with warehouse license.

New licenses, when issued.

SEC. 13. Upon satisfactory proof of the loss or destruction of a license issued to a licensed classifier or licensed weigher, a duplicate thereof may be issued under the same or a new number, in the discretion of the Secretary.

Lost or destroyed classifier's and weigher's licenses.

SEC. 14. No person shall in any way represent himself to be a classifier or weigher licensed under the act unless he holds an unsuspended, unrevoked, and uncanceled license issued under the act.

Unlicensed classifiers and weighers must not represent themselves as licensed.

Regulation 8. Cotton Classification.

Cotton classification.

SECTION 1. Whenever the grade or other class of cotton is required to be, or is, stated for the purpose of the act or these regulations it shall be stated in accordance with this regulation, as far as applicable.

Class to be stated according to this regulation.

SEC. 2. The official cotton standards of the United States, established and promulgated under the United

Official cotton standards of the United States.

States cotton futures act of August 11, 1916, within their scope, are hereby adopted as the official cotton standards for the purposes of the act and these regulations.

Irregularities. SEC. 3. *Paragraph 1.* Cotton that, (*a*) because of the presence of extraneous matter of any character or irregularities or defects, is reduced in value below that of Good Ordinary, (*b*) is below the grade of Good Ordinary, (*c*) is below the grade of Low Middling, if tinged, (*d*) is below the grade of Middling, if stained, (*e*) is linters, (*f*) is less than seven-eighths of an inch in length of staple, (*g*) is of perished staple, (*h*) is of immature staple, (*i*) is gin cut, (*j*) is reginned, (*k*) is repacked, (*l*) is false packed, (*m*) is mixed packed, or (*n*) is water packed, shall be designated as such. In the case of subdivision (*a*) of this paragraph the particular extraneous matter or irregularities or defects shall be stated.

Reduction in value. *Paragraph 2.* If cotton be reduced in value, by reason of the presence of extraneous matter of any character or irregularities or defects, below its grade according to the official cotton standards of the United States, except when the cotton is of a quality or condition specified in paragraph 1 of this section, the grade to the value of which it is so reduced and the quality or condition which so reduces its value shall be determined and stated.

Terms defined. *Paragraph 3.* For the purposes of this section, the following terms shall be construed, respectively, to mean—

Perished staple. (*a*) *Cotton of perished staple.*—Cotton that has had the strength of fiber as ordinarily found in cotton destroyed or unduly reduced through exposure to the weather either before picking or after baling, or through heating by fire, or on account of water packing, or by other causes.

Immature staple. (*b*) *Cotton of immature staple.*—Cotton that has been picked and baled before the fiber has reached a normal state of maturity, resulting in a weakened staple of inferior value.

Gin cut. (*c*) *Gin cut cotton.*—Cotton that shows damage in ginning, through cutting by the saws, to an extent that reduces its value more than two grades.

Reginned. (*d*) *Reginned cotton.*—Cotton that has passed through the ginning process more than once and cotton that, after having been ginned, has been subjected to a cleaning process and then baled.

(e) *Repacked cotton*.—Cotton that is composed of factors', brokers', or other samples, or of loose or miscellaneous lots collected and rebaled.

Repacked.

(f) *False packed cotton*.—Cotton in a bale (1) containing substances entirely foreign to cotton, (2) containing damaged cotton in the interior with or without any indication of such damage upon the exterior, (3) composed of good cotton upon the exterior and decidedly inferior cotton in the interior in such manner as not to be detected by customary examination—that is, a plated bale—or (4) containing pickings or linters worked into the bale.

False packed.

(g) *Mixed packed cotton*.—Cotton in a bale which shows a difference of more than two grades between samples drawn from the heads and the top and bottom sides of the bale, or which shows a difference in color exceeding two grades in value between such samples.

Mixed packed.

(h) *Water packed cotton*.—Cotton in a bale that has been penetrated by water during the baling process, causing damage to the fiber, or a bale that through exposure to the weather or by other means, while apparently dry on the exterior, has been damaged by water in the interior.

Water packed.

SEC. 4. Whenever the grade or other class of cotton is required to be, or is, stated by a warehouseman or a classifier for the purposes of the act or these regulations, it shall be based upon a careful inspection of and a sample properly drawn from the cotton.

Class to be based on proper inspection and sample.

SEC. 5. No sample taken from a bale of cotton of the square type shall be deemed to be properly drawn for the purposes of these regulations unless it be composed of cotton drawn by the customary methods from both sides of the bale and weigh not less than 4 ounces, except that, in any State where provision is made by law for the taking of representative samples at the gin, samples complying with such law may be used in determining the grade or other class of the cotton from which such samples were taken.

Samples.

SEC. 6. In case the cotton drawn from one portion of a bale is lower in class than that drawn from another portion of the bale, except as otherwise provided by these regulations, the class assigned to the bale shall be that of the cotton taken from the portion showing the lower class.

Class to be based on low side.

Access to official
cotton standards.

SEC. 7. Each licensed warehouseman and each licensed classifier shall keep himself provided with, or have access to, a set of practical forms of the official cotton standards of the United States, or such parts thereof as the chief of the bureau shall deem necessary for use in the locality in which the licensed warehouse is located.

Cotton appeals.

Regulation 9. Cotton Appeals.

Who may ap-
peal.

SECTION 1. Whenever the grade or other class of cotton, for which official cotton standards of the United States are in effect, is stated on a receipt or a cotton class certificate issued under the act and these regulations, and a question arises as to the true grade or other class of such cotton, any person having an interest in the cotton may take an appeal for the determination of such question.

Complaint.

SEC. 2. In order to take such an appeal a complaint in writing in accordance with section 3 of this regulation shall be filed with a duly authorized cotton examiner or a board of cotton examiners, or with the chief of the bureau who shall designate a cotton examiner or a board of cotton examiners for the purpose of disposing of such complaint.

Contents of com-
plaint.

SEC. 3. Such complaint shall be in English and shall state (a) the name and post-office address of the complainant and the nature of his interest in the cotton, (b) the name and post-office address of the holder of the receipt, if he be not the complainant, and of any other interested party, (c) the name and location of the licensed warehouse in which the cotton is stored, the tag number assigned to each bale of cotton involved in the appeal in accordance with regulation 5, section 9, the grade or other class assigned to such cotton by the licensed warehouseman, and the date of the receipt issued therefor, (d) the grade or other class assigned by the licensed classifier, if any, (e) the grade or other class, different from that assigned by the licensed warehouseman, which is contended for by any interested party, (f) whether, within complainant's knowledge, any appeal involving the same cotton previously has been taken, and if so, an appropriate identification of such other appeal, (g) if samples have been agreed upon and are submitted in accordance with paragraph 2 of section 5 of this regulation a statement thereof. The complainant

shall file with his complaint, when practicable, or before the issuance of the cotton appeal certificate, in the appeal, the warehouse receipt or class certificate, if any, covering the cotton involved in the appeal. When such receipt or certificate is not filed a definite statement indicating why such papers are not produced shall be filed.

SEC. 4. In case a complaint is filed under this regulation by a person purporting to act in behalf of another person, the chief of the bureau, or the cotton examiner or the board of cotton examiners with whom it was filed, may, if considered necessary, require proof of the authority of such person to file the complaint.

Proof of agent's authority.

SEC. 5. *Paragraph 1.* Appeals taken under this regulation shall be determined upon the basis of samples of the cotton involved which have been drawn and submitted in accordance with this section.

Determination of appeals to be based on samples.

Paragraph 2. The complainant may submit samples of the cotton involved which have been agreed upon by the licensed warehouseman in whose warehouse the cotton is stored and the interested parties other than such warehouseman, or have been drawn by a disinterested person selected for the purpose by the warehouseman and such parties. Such samples, when drawn from cotton to which section 5, of regulation 8 applies, shall be drawn in accordance with said section.

Agreed samples.

Paragraph 3. If samples which have been submitted pursuant to paragraph 2 of this section be deemed unsatisfactory, the cotton examiner or board of cotton examiners by whom the appeal is heard or the chief of the bureau may require the submission of new samples in accordance with said paragraph 2.

Unsatisfactory samples.

Paragraph 4. In case samples are not submitted in accordance with paragraph 2 or 3 of this section, the chief of the bureau, the cotton examiner, or board of cotton examiners by whom the appeal is heard may dismiss the appeal as provided in section 6 of this regulation, or samples may be drawn from the cotton involved by a cotton examiner or by a disinterested person designated for the purpose by the cotton examiner or the board of cotton examiners by whom the appeal is heard or by the chief of the bureau, and the complainant shall cause the cotton to be made accessible for the purpose of drawing such samples.

Appeal dismissed or new samples drawn.

Dismissal of ap-
peals.

SEC. 6. The chief of the bureau or the cotton examiner or board of cotton examiners by whom an appeal is heard may dismiss such appeal upon request of the complainant, or for noncompliance with these regulations, or if it be found that the appeal was not taken in good faith. In case of an appeal filed in the first instance with a cotton examiner, a dismissal upon request of the complainant shall be made only before notice of grade or other class as provided in section 7 of this regulation is issued.

Cotton appeal
certificate.

SEC. 7. When an appeal filed with a board of cotton examiners has been determined, it shall immediately issue a cotton appeal certificate. When an appeal has been determined by a cotton examiner he shall issue a notice, a copy of which shall be sent by him to all parties shown by the record of the appeal to have an interest therein. In such notice the grade or other class assigned by him to the cotton involved in the appeal shall be stated, and any such interested party shall have a reasonable time, fixed in such notice, within which he may request of the chief of the bureau a review of the appeal by a board of cotton examiners. In case such request is not filed with such cotton examiner in the time fixed therefor, or in case within such time every such interested party waives in writing a review by a board of cotton examiners, the cotton examiner shall immediately issue a cotton appeal certificate showing the grade or other class assigned to the cotton by him. In case a request under this section for a review of an appeal is filed within the time fixed for the filing of such request, the cotton examiner shall note in his records the time of such filing and shall immediately notify the chief of the bureau, who shall cause the appeal to be reviewed and a cotton appeal certificate issued showing the grade or other class assigned upon such review. Immediately upon the issuance of a cotton appeal certificate under this section, the original thereof, together with any receipt covering such cotton filed in the appeal, shall be sent to the licensed warehouseman concerned, and a copy shall be sent to each other person shown by the record of the appeal to be interested therein.

Expenses paid
by complainant.

SEC. 8. All expenses for the transmission of communications from the complainant, for telegraph and telephone toll charges on messages addressed to him, and for

drawing and submitting samples required by section 5 of this regulation, including such traveling expenses, if any, incurred in accordance with the fiscal regulations of the Department of Agriculture as the chief of the bureau may deem proper, shall be borne by the complainant in the appeal in connection with which such expenses were incurred.

SEC. 9. If required by the cotton examiner or board of cotton examiners by whom the appeal is heard, the complainant shall make an advance deposit to cover the expenses payable by him under section 8 of this regulation. Such deposit shall be in an amount fixed by the cotton examiner or board of cotton examiners, and shall be in the form of a check, certified if required by the chief of the bureau or a post-office or express money order, payable to the order of "Disbursing Clerk, Department of Agriculture." As soon as possible after the determination of an appeal in connection with which any such advance deposit shall have been made, the chief of the bureau shall furnish the disbursing clerk of the Department of Agriculture with a statement of the expenses, if any, chargeable against such advance deposit. Thereupon the disbursing clerk shall return to the person making the advance deposit as much thereof as shall not be required for the payment of such expenses.

Advance deposit
by complainant.

SEC. 10. Upon demand by the lawful holder of a receipt for cotton involved in an appeal under this regulation, the licensed warehouseman shall surrender to such holder the original cotton appeal certificate issued in such appeal, and, if the grade or other class shown by such certificate be different from that shown by the receipt, shall, upon the return of the old receipt, issue a new receipt stating the grade or other class shown by such cotton appeal certificate.

New warehouse
receipt.

SEC. 11. Samples submitted in appeals under this regulation may be used for the purposes of the Department of Agriculture or disposed of in accordance with the property regulations of the Department of Agriculture, and the proceeds, if any, covered into the Treasury of the United States as miscellaneous receipts, or may, at any time, in the discretion of the chief of the bureau, be returned to the complainant at his expense.

Disposition of
samples.

Bond to be furnished by persons licensed under section 9 of act.

SECTION 1. Every person applying for a license, or licensed, under section 9 of the act, shall, as such, be subject to all portions of these regulations, except section 3 of regulation 2, so far as they may relate to warehousemen. In case there is a law of any State providing for a system of warehouses owned, operated, or leased by such State, a person applying for a license under section 9 of the act, to accept the custody of cotton and to store the same in any of said warehouses, may, in lieu of a bond or bonds, complying with sections 1 and 2 of regulation 3, file with the Secretary a single bond meeting the requirements of the act and regulations, in such form, and in such amount not less than \$5,000, as he shall prescribe, to insure the performance by such person, with respect to the acceptance of the custody of cotton and its storage in the warehouses in such system for which licenses are or may be issued, of his obligations arising during the periods of such licenses, and in addition, if desired by the applicant, during the periods of any renewals or extensions thereof. In fixing the amount of such bond, consideration shall be given, among other appropriate factors, to the character of the warehouses involved, their actual or contemplated capacity, the bonding requirements of the State, and its liability with respect to such warehouses. If the Secretary shall find the existence of conditions warranting such action, there shall be added to the amount of the bond so fixed, a further amount, fixed by him, to meet such conditions.

Publications.

SEC. 2. Publications under the act and the regulations shall be made in service and regulatory announcements of the bureau and such other media as the chief of that bureau may from time to time designate for the purpose.

Information of violations of act and regulations.

SEC. 3. Every person licensed under the act shall immediately furnish the bureau any information which comes to the knowledge of such person tending to show that any provision of the act or the regulations has been violated.

Procedure in hearings.

SEC. 4. For the purpose of a hearing under the act or these regulations, except regulation 9, the licensee involved shall be allowed a reasonable time, fixed by the Secretary or by an official of the Department of Agriculture designated by him for the purpose, within which affidavits and other proper evidence may be submitted.

If requested by the licensee within such time, an oral hearing, of which reasonable notice shall be given, shall be held before, and at a time and place fixed by the Secretary or an official of the Department of Agriculture designated by him for the purpose. The testimony of the witnesses at such oral hearing shall be upon oath or affirmation administered by the official before whom the hearing is held, when required by him. Such oral hearing may be adjourned by him from time to time. After reasonable notice to all parties concerned, the deposition of any witness may be taken at a time and place and before a person designated for the purpose by the Secretary or an official of the Department of Agriculture authorized by the Secretary. Every written entry in the records of the Department of Agriculture made by an officer or employee thereof in the course of his official duty, which is relevant to the issue involved in a hearing, shall be admissible as prima facie evidence of the facts stated therein without the production of such officer or employee. Copies of all papers and all the evidence submitted or considered in such hearing shall be made a part of the records of the Department of Agriculture. The records and, when there has been an oral hearing other than by the Secretary, the recommendation of the official holding such oral hearing shall be transmitted to the Secretary for his consideration. Each party shall pay all expenses contracted by him in connection with any hearing under this section.

SEC. 5. Nothing in these regulations shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of, the laws of any State relating to warehouses, warehousemen, weighers, graders, or classifiers, nor shall these regulations be construed so as to limit the operation of any statute of the United States relating to warehouses, warehousemen, weighers, graders, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States.

No conflict with
State or Federal
laws.

SEC. 6. Any amendment to, or revision of, these regulations, unless otherwise stated therein, shall apply in the same manner to persons holding licenses at the time it becomes effective as it applies to persons thereafter licensed under the act.

Amendments.

GENERAL REGULATIONS UNDER THE UNITED STATES WAREHOUSE ACT.

Regulation 1. Combination Warehouses.

One document
and one license
to cover several
products.

SECTION 1. A license may be issued for the storage of two or more agricultural products in a single warehouse. Where such a license is desired, a single application, inspection, bond, record, report or other paper, document or proceeding relating to such warehouse, shall be sufficient unless otherwise directed by the chief of the bureau.

Amount of as-
sets and bond
needed for com-
bination ware-
houses.

SEC. 2. Where such license is desired, the amount of the bond, net assets, and inspection and license fees shall be determined by the chief of the bureau in accordance with the regulations applicable to the particular agricultural product which would require the largest bond and the greatest amount of net assets and of fees if the full capacity of the warehouse was used for its storage.

UNITED STATES WAREHOUSE ACT.

[As amended July 25, 1919, and February 23, 1923.]

That this Act shall be known by the short title of "United States warehouse Act." Title declared.

SEC. 2. That the term "warehouse" as used in this Act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this Act, "person" includes a corporation or partnership or two or more persons having a joint or common interest; "warehouseman" means a person lawfully engaged in the business of storing agricultural products; and "receipt" means a warehouse receipt. Terms construed.
Warehouse.
Person.
Warehouseman.
Receipt.

SEC. 3. That the Secretary of Agriculture is authorized to investigate the storage, warehousing, classifying according to grade and otherwise, weighing, and certification of agricultural products; upon application to him by any person applying for license to conduct a warehouse under this Act, to inspect such warehouse or cause it to be inspected; at any time, with or without application to him, to inspect or cause to be inspected all warehouses licensed under this Act; to determine whether warehouses for which licenses are applied for or have been issued under this Act are suitable for the proper storage of any agricultural product or products; to classify warehouses licensed or applying for a license in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities, and as to the kinds of licenses issued or that may be issued for them pursuant to this Act; and to prescribe, within the limitations of this Act, the duties of the warehousemen conducting warehouses licensed under this Act with respect to their care of and responsibility for agricultural products stored therein. Investigation, etc., of warehouses.
Classification.
Duties of warehousemen.

SEC. 4. That the Secretary of Agriculture is authorized, upon application to him, to issue to any warehouseman a license for the conduct of a warehouse or warehouses in accordance with this Act and such rules and regulations as may be made hereunder: *Provided*, That each such warehouse be found suitable for the proper storage of the particular agricultural product or products for which a license is applied for, and that such warehouseman agree, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and the rules and regulations prescribed hereunder. Licenses to warehousemen.
Conditions of issue.

SEC. 5. That each license issued under Sections 4 and 9 of this Act shall terminate as therein provided, or in accordance with the terms of this Act and the regulations thereunder, and may from time to time be modified or extended by a written instrument. Modification or extension of license.

- Bond to be filed.** SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this Act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the laws of the State, District, or Territory in which he is conducting such warehouse, as well as under the terms of this Act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this Act, and may, in the discretion of the Secretary of Agriculture, include the requirements of fire insurance. Whenever the Secretary of Agriculture shall determine that a bond approved by him is, or for any cause has become, insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked.
- Conditions.**
- Sureties, terms, etc.**
- Additional bond.**
- Suit on bond.** SEC. 7. That any person injured by the breach of any obligation to secure which a bond is given, under the provisions of Sections 6 or 9, shall be entitled to sue on the bond in his own name in any court of competent jurisdiction to recover the damages he may have sustained by such breach.
- Bonded warehouse.** SEC. 8. That upon the filing with and approval by the Secretary of Agriculture of a bond, in compliance with this Act, for the conduct of a warehouse, such warehouse shall be designated as bonded hereunder; but no warehouse shall be designated as bonded under this Act, and no name or description conveying the impression that it is so bonded, shall be used, until a bond, such as provided for in Section 6, has been filed with and approved by the Secretary of Agriculture, nor unless the license issued under this Act for the conduct of such warehouse remains unsuspended and unrevoked.
- Designation.**
- Conditions authorizing.**
- Licenses for storage by persons not warehousemen.** SEC. 9. That the Secretary of Agriculture may, under such rules and regulations as he shall prescribe, issue a license to any person not a warehouseman to accept the custody of agricultural products and to store the same in a warehouse or warehouses owned, operated, or leased by any State, upon condition that such person agree to comply with and abide by the terms of this Act and the rules and regulations prescribed hereunder.
- Receipts and bond required.** Each person so licensed shall issue receipts for the agricultural products placed in his custody, and shall give bond, in accordance with the provisions of this Act and the rules and regulations hereunder affecting warehousemen licensed under this Act, and shall otherwise be subject to this Act and such rules and regulations to the same extent as is provided for warehousemen licensed hereunder.

SEC. 10. That the Secretary of Agriculture shall charge, assess, and cause to be collected a reasonable fee for every examination or inspection of a warehouse under this Act when such examination or inspection is made upon application of a warehouseman, and a fee not exceeding \$2 per annum for each license or renewal thereof issued to a warehouseman under this Act. All such fees shall be deposited and covered into the Treasury as miscellaneous receipts.

Examination
and inspection
charges.

Deposit of fees.

SEC. 11. That the Secretary of Agriculture may upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample or classify any agricultural product or products, stored or to be stored in a warehouse licensed under this Act, according to condition, grade or otherwise and to certificate the condition, grade or other class thereof, or to weigh the same and certificate the weight thereof, or both to inspect, sample or classify and weigh the same and to certificate the condition, grade or other class and the weight thereof, upon condition that such person agree to comply with and abide by the terms of this Act and of the rules and regulations prescribed hereunder so far as the same relate to him.

Licenses to in-
spectors, sam-
plers, classifiers,
and weighers of
products.

Conditions.

SEC. 12. That any license issued to any person to inspect, sample or classify or to weigh any agricultural product or products under this Act may be suspended or revoked by the Secretary of Agriculture whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify or to weigh any agricultural product or products correctly, or has violated any of the provisions of this Act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without hearing.

Suspension, or
revocation of li-
censes.

SEC. 13. That every warehouseman conducting a warehouse licensed under this Act shall receive for storage therein, so far as its capacity permits, any agricultural product of the kind customarily stored therein by him which may be tendered to him in a suitable condition for warehousing, in the usual manner in the ordinary and usual course of business, without making any discrimination between persons desiring to avail themselves of warehouse facilities.

Discrimination
by licensed ware-
housemen forbid-
den.

SEC. 14. That any person who deposits agricultural products for storage in a warehouse licensed under this Act shall be deemed to have deposited the same subject to the terms of this Act and the rules and regulations prescribed hereunder.

Deposits sub-
ject to terms of
Act.

SEC. 15. That any fungible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act shall be inspected and graded by a person duly licensed to grade the same under this Act.

Inspection and
grading of fungi-
ble products.

SEC. 16. That every warehouseman conducting a warehouse licensed under this Act shall keep the agricultural products therein of one depositor so far separate from agricultural products of other depositors, and from other agricultural products of

Separation of
deposits.

Mingling of fungible products permitted.

Separation of grades.

Issue of receipts for products actually stored.

Contents of receipt.

the same depositor for which a separate receipt has been issued, as to permit at all times the identification and redelivery of the agricultural products deposited; but if authorized by agreement or by custom, a warehouseman may mingle fungible agricultural products with other agricultural products of the same kind and grade, and shall be severally liable to each depositor for the care and redelivery of his share of such mass, to the same extent and under the same circumstances as if the agricultural products had been kept separate, but he shall at no time while they are in his custody mix fungible agricultural products of different grades.

SEC. 17. That for all agricultural products stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act original receipts shall be issued by the warehouseman conducting the same, but no receipts shall be issued except for agricultural products actually stored in the warehouse at the time of the issuance thereof.

SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this Act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: *Provided*, That such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: *Provided further*, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States warehouse Act and the rules and regulations prescribed thereunder; (i) if the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: *Provided*, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of

this Act as may be required by the Secretary of Agriculture; and (1) the signature of the warehouseman, which may be made by his authorized agent: *Provided*, That unless otherwise required by the law of the State in which the warehouse is located, when requested by the depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued: *Provided, however*, The Secretary of Agriculture may in his discretion require that such receipt have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable.

SEC. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: *Provided*, That the standards for any agricultural products which have been, or which in future may be, established by or under authority of any other Act of Congress shall be, and are hereby, adopted for the purposes of this Act as the official standards of the United States for the agricultural products to which they relate.

Established standards to be promulgated.

Official standards adopted.

SEC. 20. That while an original receipt issued under this Act is outstanding and uncanceled by the warehouseman issuing the same no other or further receipt shall be issued for the agricultural product covered thereby or for any part thereof, except that in the case of a lost or destroyed receipt a new receipt, upon the same terms and subject to the same conditions and bearing on its face the number and date of the receipt in lieu of which it is issued, may be issued upon compliance with the statutes of the United States applicable thereto in places under the exclusive jurisdiction of the United States or upon compliance with the laws of any State applicable thereto in any place not under the exclusive jurisdiction of the United States: *Provided*, That if there be in such case no statute of the United States or law of a State applicable thereto such new receipts may be issued upon the giving of satisfactory security in compliance with the rules and regulations made pursuant to this Act.

Issue of other than original receipts forbidden.

Lost or destroyed receipts.

SEC. 21. That a warehouseman conducting a warehouse licensed under this Act, in the absence of some lawful excuse, shall, without unnecessary delay, deliver the agricultural products stored therein upon a demand made either by the holder of a receipt for such agricultural products or by the depositor thereof if such demand be accompanied with (a) an offer to satisfy the warehouseman's lien; (b) an offer to surrender the receipt, if negotiable, with such indorsements as would be necessary for the negotiation of the receipt; and (c) a readiness and willingness to sign, when the products are delivered, an acknowledgment that they have been delivered if such signature is requested by the warehouseman.

Delivery of products to holders of receipt.

Conditions.

SEC. 22. That a warehouseman conducting a warehouse licensed under this Act shall plainly cancel upon the face thereof each receipt returned to him upon the delivery by him of the agricultural products for which the receipt was issued.

Cancellation of receipts upon delivery.

SEC. 23. That every warehouseman conducting a warehouse licensed under this Act shall keep in a place of safety complete and correct records of all agricultural products stored therein

Records to be preserved.

and withdrawn therefrom, of all warehouse receipts issued by him, and of the receipts returned to and canceled by him, shall make reports to the Secretary of Agriculture concerning such warehouse and the condition, contents, operation, and business thereof in such form and at such times as he may require, and shall conduct said warehouse in all other respects in compliance with this Act and the rules and regulations made hereunder.

Reports of business operations. SEC. 24. That the Secretary of Agriculture is authorized to cause examinations to be made of any agricultural product stored in any warehouse licensed under this Act. Whenever, after opportunity for hearing is given to the warehouseman conducting such warehouse, it is determined that he is not performing fully the duties imposed on him by this Act and the rules and regulations made hereunder, the secretary may publish his findings.

Examination of stored products. SEC. 25. That the Secretary of Agriculture may, after opportunity for hearing has been afforded to the licensee concerned, suspend or revoke any license issued to any warehouseman conducting a warehouse under this Act, for any violation of or failure to comply with any provision of this Act or of the rules and regulations made hereunder or upon the ground that unreasonable or exorbitant charges have been made for services rendered. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without hearing.

Suspension or revocation of licenses. SEC. 26. That the Secretary of Agriculture from time to time may publish the results of any investigations made under Section 3 of this Act; and he shall publish the names and locations of warehouses licensed and bonded and the names and addresses of persons licensed under this Act and lists of all licenses terminated under this Act and the causes therefor.

Publications. SEC. 27. That the Secretary of Agriculture is authorized through officials, employees, or agents of the Department of Agriculture designated by him to examine all books, records, papers, and accounts of warehouses licensed under this Act and of the warehousemen conducting such warehouses relating thereto.

Official examinations of records, etc. SEC. 28. That the Secretary of Agriculture shall from time to time make such rules and regulations as he may deem necessary for the efficient execution of the provisions of this Act.

Regulations shall be made. SEC. 29. That nothing in this Act shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of the laws of any State relating to warehouses, warehousemen, weighers, graders, inspectors, samplers or classifiers; but the Secretary of Agriculture is authorized

State laws not impaired. to cooperate with such officials as are charged with the enforcement of such State laws in such States and through such cooperation to secure the enforcement of the provisions of this Act; nor shall this Act be construed so as to limit the operation of any statute of the United States relating to warehouses or warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States.

Cooperation with State authorities.

Operation of present laws.

SEC. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use, any license issued by the Secretary of Agriculture under this Act, or who shall violate or fail to comply with any provision of Section 8 of this Act, or who shall issue or utter a false or fraudulent receipt or certificate, or any person who, without lawful authority, shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this Act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$10,000, or double the value of the products involved if such double value exceeds \$10,000, or imprisoned not more than one year, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such products to the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive a false sample of, or who shall willfully mutilate or falsely represent a sample drawn under this Act, or who shall classify, grade or weigh fraudulently, any agricultural products stored or to be stored under the provisions of this Act, shall be deemed guilty of a misdemeanor and upon conviction thereof fined not more than \$500 or imprisoned for not more than six months, or both, in the discretion of the court.

Violations.

SEC. 31. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$50,000, available until expended, for the expenses of carrying into effect the provisions of this Act, including the payment of such rent and the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere, and he is authorized, in his discretion, to employ qualified persons not regularly in the service of the United States for temporary assistance in carrying out the purposes of this Act, and out of the moneys appropriated by this Act to pay the salaries and expenses thereof.

Appropriations
for expenses.

SEC. 32. That if any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Invalidity of
any part not to
affect remainder
of act.

SEC. 33. That the right to amend, alter, or repeal this Act is hereby expressly reserved.

Amendments.

